

DD/S

56-2625

MEMORANDUM FOR: Deputy Director (Support)

SUBJECT: Dual Retirement Coverage

1. This memorandum contains a statement of policy for your approval. The policy statement is contained in Paragraph six (6).

2. In a letter dated 26 October 1955, the Retirement Division of the Civil Service Commission advised this office that although individuals originally hired by personal service contract are excluded from Retirement Act coverage, such coverage is mandatory if the contract employment follows, without breaking continuity, service wherein the individual was subject to the Retirement Act.

3. This situation presents a problem in cases involving conversion of a staff employee to contract employee status, specifically when the individual will be associated with a cover organization whose employees are covered by Social Security. In such cases the absence of a break in service results in dual retirement credit for the individual for the same period of service (Retirement Act and Social Security). However, a break in service of at least one work day serves to discontinue the Retirement Act coverage, leaving the individual with Social Security only.

4. Staff agent personnel (who have Retirement Act coverage as a regular staff benefit) occasionally are assigned to cover organizations whose employees are under Social Security. However, we distinguish this situation from that outlined above for the reason that the Social Security coverage is clearly and inevitably incidental to the cover situation. Further, in such a case the individual is not relinquishing his staff status and, therefore, has a continuing entitlement to Retirement Act coverage.

5. This office is of the opinion that administrative handling of a case of the type described in Paragraph 3, above, in such a way as to give the individual dual retirement coverage is inappropriate, since it is within our power to prevent this sort of situation from occurring.

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There is no question of equity as far as the individual is concerned, for in every case the individual is voluntarily relinquishing his staff status, usually for reasons of personal nature (e.g., to return to another geographical location, to enter another field of endeavor, etc).

6. We have adopted a policy in cases involving conversion from staff status to contract employee status of arranging a minimum of one work day break in service in those cases where dual retirement coverage would otherwise result. This terminates the Retirement Act coverage. Since a lump-sum payment for accumulated annual leave is then payable, no hardship is worked on the individual by this break in service, considering that he has already voluntarily given up his staff status. Formal co-ordination of this policy with the DD/P and DD/I will be requested in memoranda to these offices. Pending your approval and a reply from the DD/P and DD/I, we shall continue our present practice.

Handwritten signature

Harrison G. Reynolds
Director of Personnel

Policy in paragraph 6 is approved:

Acting



Deputy Director (Support)

Handwritten signature
Date

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